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REGULATION No. 245/2006 on the official listing of securities in a stock exchange

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CHAPTER I

General provisions

Article 1

A stock exchange holding an operating licence in accordance with Article 3 of Act No. 34/1998 shall be regarded as a competent authority with respect to the official listing of securities on a stock exchange in the understanding of European Community law, cf. Article 23 of this Regulation.

A stock exchange is responsible for enforcing the law and other rules applicable to securities listed on the exchange. Non-compliance is subject to revocation of the operating licence as provided in of Article 37 of Act No. 34/1998.

Article 2

Shares, co-operative shares, bonds, units in collective investment undertakings, warrants, and other securities, as currently approved by the board of the stock exchange, may be listed on the stock exchange.

Official listing of classes of securities on a stock exchange must be applied for as provided in this Regulation, Chapter IV of Act No. 33/2003 on securities transactions, as amended, and the Regulation on public offerings of securities in the amount of ISK 210 million or more and the listing of securities on a regulated securities market, in addition to rules adopted by the stock exchange on official listing of securities and trading in them.

On receiving an application the stock exchange shall assess whether the issuer and the securities meet the conditions set for listing.

Article 3

Securities for which listing is sought must, together with their issuer, fulfil the requirements of law and conditions of Regulations, rules and articles of association applicable to the issuer, its activities and the securities.

CHAPTER II

Conditions for listing of shares

Article 4

Before listing, the following requirements must be satisfied at the time of application for official listing in a stock exchange:

1. trade in the securities must be unrestricted;
2. the company must have signed an agreement with the stock exchange on the listing of its shares in the exchange;
3. a prospectus must be provided in accordance with the provisions of Chapter IV of Act No. 33/2003 on securities transactions, as amended, and the Regulation on public offerings of securities in the amount of ISK 210 million or more and the listing of securities on a regulated securities market;
4. the annual accounts, and consolidated accounts, where applicable, must be accessible to the public and must be available from the company without charge;
5. the articles of association must be accessible to the public and must be available from the company without charge;

6. a list of insiders must be submitted as provided in Act No. 33/2003 on securities transactions, as amended, and Regulation No. 433/1999 on the disclosure requirements of issuers, stock exchange members and owners of securities listed on a stock exchange;
7. shareholders' meetings must be open to the media;
8. share capital must be fully paid up.

A stock exchange may grant exemption from this condition if circumstances warrant, provided that such limitations do not interfere with trading in the securities in any respect.

Article 5

All the shareholders of the same share class must enjoy the same rights.

Application must be made for listing of all shares issued in the share class concerned after satisfying the following conditions:

A. Size:

The estimated market value of a share class for which listing is sought on a stock exchange must be no less than ISK 80 million, and never less than an amount equivalent to EUR 1 million, based on the officially posted exchange rate at any given time.

B. Distribution:

The distribution of ownership of a share class for which listing is applied must be such that at least 25% of the shares and voting rights are held by retail investors or, in view of the large number of shareholders and the diffusion of the shares, a lower percentage, if this does not prevent normal trade in the shares. *Retail investors* shall mean all shareholders other than insiders, parent companies or subsidiaries or parties holding more than 10% of the company's shares.

C. Age:

A company for which listing is sought must be able to submit audited annual accounts for three full years, covering all the main areas of operations pursued by the company at the time of its application for listing. Derogation may be made from this condition if such derogation is desirable in the interests of the issuer and if the stock exchange is of the opinion that investors have the necessary information to be able to form an opinion about the issuer and the shares for which listing is sought, together with their strengths and weaknesses.

Article 6

A stock exchange may grant exemption from the second paragraph of Article 5, provided that the following conditions are fulfilled:

1. the distribution of ownership of the share class for which listing is sought complies with the provisions of Article 5 of this Regulation;
2. the public is informed of the exemption;
3. there is no risk that the interests of the owners of the shares for which listing is sought will be prejudiced.

Article 7

Listing of new shares

A company which has had its shares admitted for listing on a stock exchange, must inform the exchange of any intended changes in the company's financing in accordance with the rules of the stock exchange on the disclosure requirements of issuers, cf. Article 24 of Act No. 34/1998.

Article 8

Should a listed company intend to increase its share capital in return for payment, it must apply for registration of the new share capital as provided in this Regulation as soon as trading in the share capital can commence.

In the event of an increase in share capital through a bonus share issue without payment, the company must promptly inform the stock exchange of this decision as provided for by its rules on the disclosure requirements of an issuer. The stock exchange shall list the new shares when it has received notification of the decision.

Article 9

Changes in corporate form or activities

If major changes are made in the legal form of a company which has had its shares admitted for official listing on a stock exchange, or to its activities, with the result that it may be regarded as a new company, a stock exchange may decide that the company must apply for listing anew.

CHAPTER III

Conditions for listing of bonds

Article 10

An application must be made for listing of all bonds issued in the relevant bond class after satisfying the following conditions on the size of the bond class:

Its estimated market value must be at least ISK 40 million, but never an amount lower than EUR 500 thousand, based on the officially posted exchange rate at any given time.

A stock exchange may permit the listing of smaller bond classes if there is a likelihood of a sufficient market for and trading in the securities, so that normal price formation can take place. The estimated market value of a bond class must, however, never be lower than ISK 15 million or an amount equal to EUR 200 thousand, based on the officially posted exchange rate at any given time.

Article 11

Before bonds can be listed on a stock exchange the following conditions must be fulfilled:

1. the issuer must have signed a listing agreement with the stock exchange;
2. a prospectus must be provided in accordance with the provisions of Chapter IV of Act No. 33/2003 on securities transactions, as amended, and the Regulation on public offerings of securities in the amount of ISK 210 million or more and the listing of securities on a regulated securities market;
3. the annual accounts must be accessible to the public and must be available from the company without charge;
4. the articles of association must be accessible to the public and must be available from the issuer without charge.
5. a list of insiders must be submitted as provided in Act No. 33/2003 on securities transactions, as amended, and Regulation No. 433/1999 on the disclosure requirements of issuers, stock exchange members and owners of securities listed on a stock exchange;

CHAPTER IV

Conditions for listing of units in collective investment undertakings

Article 12

A collective investment undertaking for which listing is sought must have obtained an operating licence from the Minister of Business Affairs on the basis of Act No. 30/2003 on undertakings for collective investment in transferable securities (UCITS) and investment funds.

The estimated market value of the UCITS when an application is submitted must be at least ISK 100 million, and never an amount lower than EUR 1250 thousand, based on the officially posted exchange rate at any given time.

Article 13

Before units can be listed on a stock exchange the following conditions must be fulfilled:

1. the management company, on behalf of the issuer, must have signed a listing agreement with the stock exchange;

2. a prospectus must be provided in accordance with the provisions of Act No. 30/2003 on undertakings for collective investment in transferable securities (UCITS) and investment funds and Regulation No. 792/2003 on undertakings for collective investment in transferable securities (UCITS) and investment funds;
3. the annual accounts must be accessible to the public and must be available from the management company without charge;
4. the articles of association must be accessible to the public and must be available from the management company without charge.

CHAPTER V

Other securities

Article 14

Conditions for listing other securities, such as convertible or exchangeable bonds, certificates representing shares, subscription rights, etc. shall be subject to the provisions of this Regulation, the provisions of Chapter IV of Act No. 33/2003 on securities transactions, as amended, and the Regulation on public offerings of securities in the amount of ISK 210 million or more and the listing of securities on a regulated securities market, as further decided by the stock exchange in each instance having regard to the nature and type of the securities concerned.

Securities cannot be listed unless the shares of the company concerned are listed on an official market or one approved by the competent authority of the state in which the market in question is located. A stock exchange may, however, grant exemption from this requirement if it deems that sufficient information is available on the issuer for normal price formation for the securities to take place.

CHAPTER VI

Processing of applications

Article 15

A stock exchange shall approve, dismiss or refuse an application for official listing with a written response as promptly as possible, and never later than two months after a fully completed application is submitted. The stock exchange must state the grounds or conditions for its decision if an application is not accepted.

Article 16

First day of listing

Listing cannot be effected until all conditions provided for in this Regulation and the rules of the stock exchange have been fulfilled, and the shares have been issued.

If a public offer takes place concurrently with the application for listing, the listing cannot be effected until the end of the subscription period, at the earliest.

CHAPTER VII

Penalties, entry into force, etc.

Article 17

If a stock exchange rejects an application for the listing of a class of securities, the applicant may refer such a decision to arbitration, as provided in Act No. 53/1989 on contractual arbitration. The same shall apply if the board of directors of a stock exchange removes a class of securities from its listings.

Each party shall appoint one representative to the board of arbitration. The third arbitrator shall be appointed by the Chief Judge of the Reykjavík District Court.

The cost of arbitration shall be divided between the parties to the case in the proportion decided by the third member of the board of arbitration.

Parties to the case are fully bound to abide by the arbitration decision.

Article 18

If a situation arises with the issuer where price formation for some reason or other becomes uncertain, for instance, due to uncertainty as to the future of the issuer, because specific information is not available and/or there has been a violation of disclosure requirements, the stock exchange may decide to temporarily place the securities of the issuer concerned on an observation list.

In exceptional circumstances the stock exchange may, in accordance with a request from the issuer and on the condition that it agrees to the grounds for such a request, move a class or classes of the issuer's securities to an observation list. The stock exchange shall adopt detailed rules concerning the observation list provided for in this Article.

Article 19

If a stock exchange is of the opinion that an issuer no longer complies with this Regulation or decisions taken by the stock exchange on its basis, it shall make this known to the issuer. In accordance with a listing agreement between the stock exchange and the issuer in question for the listing of securities on the stock exchange, the exchange may decide to:

1. call for information from the issuer concerned;
2. place the securities of the issuer temporarily on an observation list;
3. make a public statement concerning the issue in question;
4. set conditions for trading or suspend trading in the issuer's securities. Such suspension of trade may be temporary or indefinite;
5. impose a fine on the issuer, cf. the second paragraph of Article 22;
6. remove the issuer's securities from the listings temporarily or permanently.

Article 20

If an issuer's estate is subjected to bankruptcy proceedings, its securities shall be removed from the stock exchange listings.

Article 21

The board of directors of an issuer may request that its listed securities be removed from the stock exchange listings. The stock exchange must comply with such a request on receiving a written explanation supporting the request.

The stock exchange may, however, postpone for one year from the date of receipt of a valid explanatory statement the removal of the securities from the listings as provided for in the first paragraph. Furthermore, the stock exchange may decide to publish the statement in full or in part.

Article 22

Entry into force, etc.

A stock exchange shall adopt detailed rules, after receiving the opinion of the Financial Supervisory Authority, on the official listing of securities. The rules set by a stock exchange on the official listing of securities must satisfy the provisions of Act No. 34/1998 on the activities of stock exchanges and regulated OTC markets and of this Regulation.

Rules adopted by the stock exchange in accordance with the first paragraph shall provide for penalties for violations of current rules on its activities in the form of fines. Fines may amount to up to ten times the annual membership fees for exchange members of the market in question, in the case of serious violation, unless more severe sanctions are provided for by law.

Article 23

This Regulation is established in conformity with the EEA Joint Committee's decision to incorporate into the EEA Agreement and to transpose into national law the provisions of Directive 2001/34/EC of the European Parliament and of the Council on the admission of securities to official stock exchange listing and on information to be published on those securities, as amended by Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

Article 24

This Regulation is issued on the basis of Article 42 of Act No. 34/1998 on the activities of stock exchanges and regulated OTC markets, as subsequently amended, and shall take effect immediately. Regulation No. 434/1999 on the official listing of securities on a stock exchange is simultaneously repealed.